

Joint Oversight Hearing

The 2014 - 2015 Community Services Block Grant State Plan

Senate Human Services Committee and Assembly Human Services Committee

August 20, 2013

1:30 p.m., State Capitol Room 3191

Background Paper

Overview

Dating back to 1964 and the War on Poverty, the Community Services Block Grant (CSBG) had provided federal funds to states, which are then passed to local agencies to fund a variety of antipoverty programs. In 1964, the Economic Opportunity Act established the Office of Economic Opportunity which housed the Community Action program. Additionally, a nationwide network of local Community Action Agencies (CAAs) was developed under this program. The Office of Economic Opportunity was renamed the Community Services Administration in 1975, but remained an independent agency in the executive branch. However, the Community Services Administration was abolished in 1981, and its administrative activities were replaced by a block grant — the CSBG — administered by the Department of Health and Human Services.

In California, the corresponding department created in 1964 was the State Office of Economic Opportunity, which was renamed the Department of Community Services and Development (CSD) in 1996. The mission of CSD is to administer and enhance energy and community service programs that result in an improved quality of life and greater self-sufficiency for low-income Californians. CSD is responsible for the administration of four federal programs: the CSBG, the Low-Income Home Energy Assistance Program, the U.S. Department of Energy Weatherization Assistance Program, and the U.S. Department of Housing and Urban Development Lead-Based Paint Hazard Control Program.

The CSBG is intended to address poverty at the community level. In California, 60 local governmental and private non-profit organizations (known as CSBG “eligible entities”) receive CSBG funds and administer local programs aimed at accomplishing the goals of the grant. Specifically, there are six national goals of the CSBG:

- Low-income people become more self-sufficient
- Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems
- Conditions in which low-income people live are improved
- Low-income people own a stake in their community
- Partnerships among supporters and providers of services to low-income people are achieved
- Agencies increase their capacity to achieve results

On a federal fiscal year (FFY) basis, CSD allocates CSBG funding within three categories of eligible entities:

Community Action Agencies

California has 53 Community Action Agencies which serve low-income individuals and families, including older adults, children, people with disabilities and people who lacked health insurance and their communities. According to the 2012 CSBG Information System Survey, 67 percent of California families served were living in poverty and 30 percent were living in severe poverty.

Migrant and Seasonal Farmworkers Agencies

Four CSBG-funded agencies focus on the needs of Migrant and Seasonal Farmworkers to reduce or eliminate barriers to self-sufficiency. A number of programs assist farmworkers in eliminating educational and cultural barriers when attempting to obtain work in a non-agricultural career.

Native American Indian Agencies

Three Native American Indian Agencies focus on developing and providing programs to assist American Indian people in realizing greater self-sufficiency through the principles of family and community self-help. CSBG funds are used to enhance established American Indian programs and are administered through contracts with the tribes.

Recognizing the sovereignty and specific needs of the tribes, North American Indian Agencies contract directly with tribes. The tribes' programs have had a substantial impact. Tribes have used the CSBG to leverage grants to build libraries, develop small business enterprises, and develop playgrounds. Some tribes use the CSBG to assist members with food, energy assistance, and similar needs. Others have sponsored cultural gatherings for the youth, or provided meals or food to their membership.

In order to qualify for CSBG funds, states are required by federal law to prepare to submit to the Secretary of Health and Human Services a State Plan and Application (State Plan) every two years and for the lead agency to hold a public hearing on the plan and to hold at least one legislative hearing every three years in conjunction with the development of the State Plan. This Joint Legislative Hearing held by the Senate and Assembly Human Services Committees allows the state to meet both of these requirements. The state's designated agency is the Department of Community Services and Development (CSD) within the California Health and Human Services Agency. (42 U.S.C. §9901(1), §9908(a)(2), §9908(a)(3) and §9908(b)). A legislative briefing paper prepared by the CSD provides additional detail on prospective funding.

The CSBG and Poverty in California

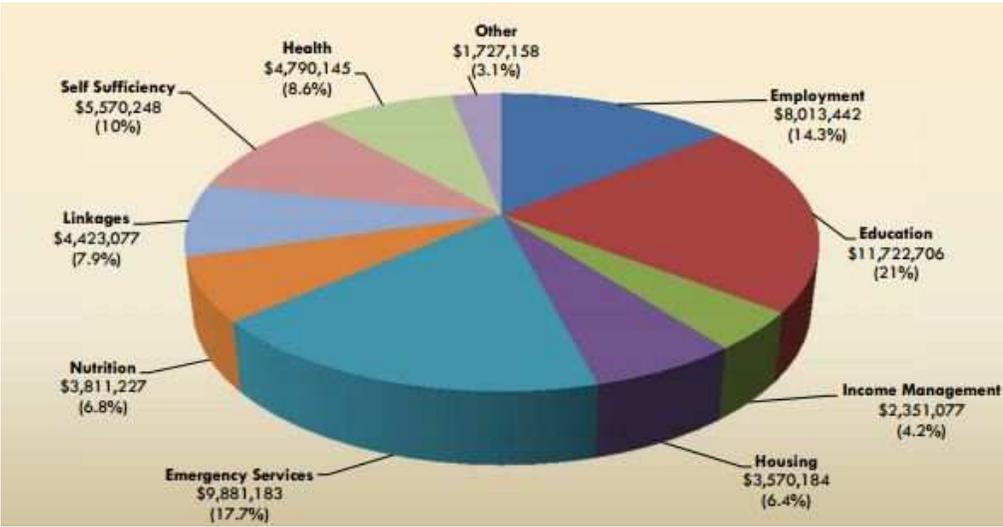
During the Great Recession and in its aftermath, California faced record levels of unemployment and significant budget shortfalls. As a result, the state has been forced to adopt a number of cuts that have shrunk the state's safety net programs. For example, the state's Temporary Assistance for Needy Families (TANF) welfare program — California Work Opportunity and

Responsibility to Kids (CalWORKs) — has faced a number of cuts in recent state budgets, the impacts of which will continue to be seen in coming years.

While incomes fell for most Californians during this period, evidence suggests that individuals and families with the lowest incomes were hit the hardest. According to the Public Policy Institute of California (PPIC), between 2007 and 2010, family income fell by over 21 percent for those families in the lowest income decile, while it fell 5 percent for those in the highest income decile. Individuals and families already living at or near the poverty level thus faced increasingly dire circumstances. Meanwhile, higher rates of unemployment and resultant economic insecurity pushed many other individuals and families closer to poverty; many people have had to rely on public assistance for the first time in their lives.

During and after the recession, the CSBG’s flexibility and responsiveness to local needs has been a critical tool to help local agencies fill in the gaps left by increasing need and reduced public assistance. One mission of the CSBG, which has proved especially important in this time period, has been to assist individuals, including single adults, who are not eligible for some safety net programs. In FY 2012, the California CSBG Network received more than \$60 million which it used to provide services to more than 1.5 million individuals and more than 600,000 families. However, the degree to which specific CSBG-funded programs help “patch” holes in the safety net is not currently evaluated in a systematic manner, and therefore such outcomes have not been reported.

CSBG eligible entities spent FFY 2012 grant funds on programs and activities in the following service categories:

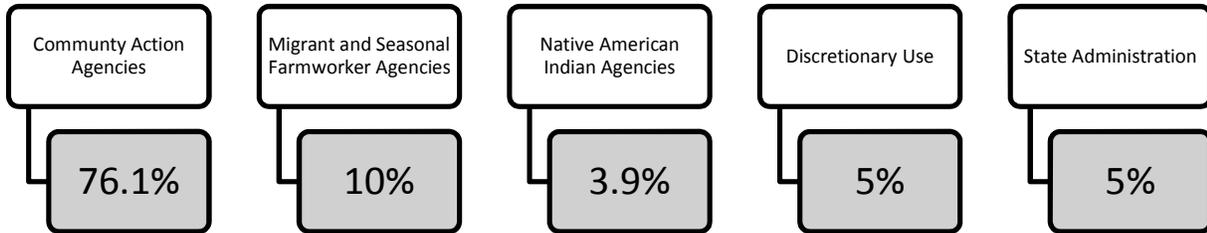


Source: CSD 2014/15 CSBG Draft State Plan

Funding Allocations

By federal statute, CSD must pass at least 90 percent of the state’s CSBG award to CSBG eligible entities. No more than 5 percent of the total award may go toward discretionary use, and

no more than 5 percent may be used for state administration. CSD may use these discretionary monies to fund certain purposes, including Limited Purpose Agencies, training and technical assistance, targeted initiatives and innovated projects, and disaster assistance. Additionally, as described below, CSD may be required to use discretionary funds to backfill reduced federal funds in certain circumstances. CSD’s 2014/15 CSBG Draft State Plan describes 100 percent of CSBG grant distribution as follows:



Consequences of the Sequester

The Sequester — automatic spending cuts imposed by the Budget Control Act of 2011— imposed a 6.2 percent cut on CSBG in FFY 2013. CSD opted to use discretionary funds from 2013 to backfill 3.56 percent of the reduction. These automatic spending cuts are currently slated to continue through 2021, and further cuts to CSBG could take place during these years. According to the 2014/15 draft state plan, CSD will adjust FFY 2014 and 2015 allocations to eligible entities in line with the Sequester.

Proposed Funding Reduction

Additionally, President Obama’s proposed FFY 2014 budget includes a 45 percent cut to the CSBG. Therefore, for CSD’s 2014/15 draft state plan, eligible entities included a contingency for reduced federal funding in their community action plans. In the 2014/15 draft state plan, CSD includes two scenarios: one in which FFY 2014 funding is held at the FFY 2013 level (\$56,379,949), and another in which the President’s proposed 45 percent cut takes place (resulting in a new budget level of approximately \$31,061,675). It should be noted that similar cuts were proposed in the President’s FFY 2012 and FFY 2013 budgets but were not adopted. Likewise, budgets proposed by past administrations have cut the CSBG altogether, although Congress ultimately never took this action.

State law provides that, if federal CSBG appropriations fall up to 3.5 percent below the previous year’s amount, the director of CSD shall use discretionary funds to fully restore funding levels. If federal CSBG appropriations are cut 20 percent or more below the CSBG funding level in FFY 2005, the director of CSD shall convene the network of agencies receiving CSBG funds to determine if changes to the way funds are allocated should be contemplated and proposed to the Legislature.

Local Determination of Spending Priorities

Tripartite Boards

Since 1968, eligible entities have been required to have tripartite governing boards consisting of one-third elected officials or their representatives, one-third service providers or local businesses and one-third low-income representatives. The statute allows public organizations

to utilize state-specified mechanisms other than tripartite boards that "assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs..." (42 U.S.C. §9910(b))

Effective tripartite boards reflect and promote the unique anti-poverty leadership, action, and mobilization responsibilities assigned by law to community action agencies. Boards are responsible for assuring that agencies continue to assess and respond to the causes and conditions of poverty in their community, achieve anticipated family and community outcomes, and remain administratively and fiscally sound.

Community Action Plan

To comply with the CSBG Act, eligible entities must complete a Community Action Plan (CAP), as a condition to receive funding. Submission of a CAP by eligible entities must precede the preparation of the State Plan. Federal law mandates the CAP to include a community-needs assessment, described below, for the community it serves. Each entity's CAP provides valuable and required information that CSD must aggregate and incorporate into the CSBG State Plan that is due to the federal Office of Community Services by September 1, 2013.

Community Needs Assessment

California statute requires all eligible entities to conduct a community needs assessment using processes that evaluate poverty-related needs, available resources, and feasible goals and strategies, and that yield program priorities consistent with standards of effectiveness established for this program. Each eligible entity determines the needs in their service area through various methods such as surveys, public hearings, focus groups, research, etc. CAPs must identify eligible activities to be funded and the needs that each activity is designed to address. 42 U.S.C. 9908 (a)(11)

Results Oriented Management and Accountability Next Generation System (ROMA NG)

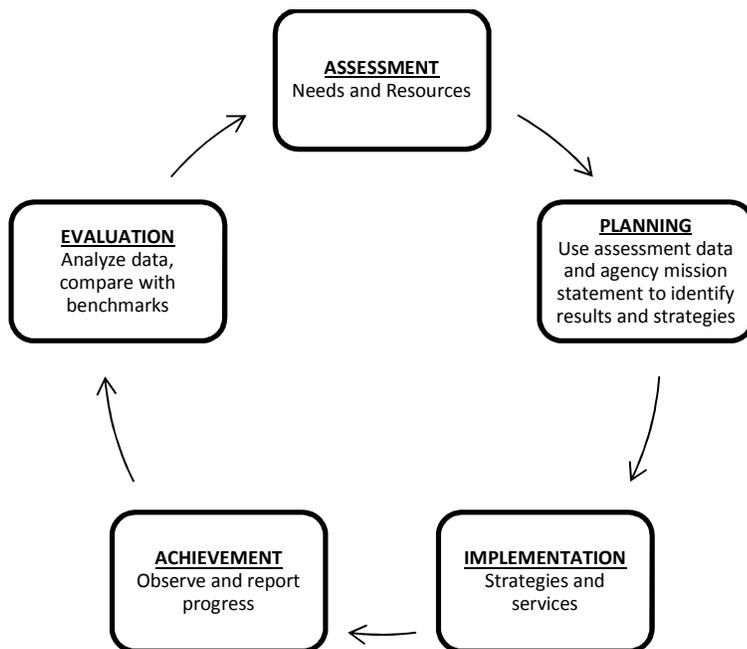
The Government Performance and Results Act of 1993 mandated states to provide a performance plan when requesting funding under the CSBG program as well as an annual report of the outcomes associated with that performance plan beginning in March 2000. The Act intends for these plans to (1) establish performance goals; (2) establish performance indicators; and (3) provide a basis for comparing actual program results with the established performance goals. To comply with these requirements, a task force of federal, state, and local community action officials created a national Results Oriented Management and Accountability (ROMA) model in 1994.

In the past few years, the Obama administration has expressed an increased desire for federally-funded programs, including CSBG, to demonstrate results. The National Association for State Community Services Programs is working to develop the "Next Generation" of ROMA (ROMA NG) principles, practices and resources designed to look at the flow of a program, enabling each Community Action Network to become accountable for producing the results that change lives and improve communities by delivering services efficiently. Fourteen California entities are participating as members of the nationwide Community Action Network. The network's goal is

to clearly understand how eligible entities engage in producing change for families and communities through the use of CSBG funding, and how to strengthen the ROMA NG model.

The emphasis on describing performance in terms of results and outcomes is driven by changes in social values, by heightened expectations for effectiveness in government and by federal laws. ROMA offers an opportunity to assess what is working and to identify what is not working efficiently within the CSBG-funded programs.

The CSBG eligible entities comply with ROMA through the following steps of the cycle:



As the California economy continues to struggle with its post-recession recovery, CSBG eligible entities say their role has been critical to stabilize families and communities. Use of ROMA NG will assist the state in more clearly assessing these programs, and the degree to which CSBG dollars have contributed to providing community results across the six national goals.

Additional Resources

Department of Community Services and Development

<http://www.csd.ca.gov>

California/Nevada Community Action Partnership

<http://www.cal-neva.org/>

National Association for State Community Services Programs

<http://www.nascsp.com>